



Memorandum

From: Mark Krebs
To: expartecommunication@hq.doe.gov
Re: *Ex Parte* Meeting
Date: May 18, 2017

On May 11, 2017 representatives of Spire Inc. (Spire) and the American Public Gas Association (APGA) met with staff of the U.S. Department of Energy (DOE) to discuss the rulemaking concerning energy conservation standards for commercial packaged boilers (Docket EERE-2014-BT-STD-0030) and Spire and APGA's pending error correction request in that rulemaking proceeding.

The following persons attended the meeting:

Daniel Simmons (DOE)
Mark Darrell (Spire)
Mark Krebs (Spire)
Barton Day (Counsel for Spire)
Dave Schyrver (APGA)

Spire and APGA explained the modeling error in the rulemaking in question and provided the PowerPoint presentation provided as Attachment A to this memorandum.

The presentation emphasized the following points:

- An efficiency standard can only provide consumer benefits to the extent that the purchases of higher-efficiency products the standard would "force" would provide net economic benefits.
- The overall impact of a standard on consumers is the average economic outcome of the purchases the standard would force, multiplied by the number of purchases the standard would force.
- DOE considers the *number* of purchases of higher-efficiency products a standard would force, but does not determine the average economic outcome of those purchases. Instead, DOE's model erroneously determines the average economic outcome of all possible purchases of higher-efficiency products, *including purchases consumers would make on their own in the absence of regulation*.

- Purchasers of products such as commercial packaged boilers commonly consider the economic consequences of their purchasing decisions, and are most likely to do so when the most significant economic consequences are involved. The purchases of higher-efficiency products that consumers would make in the absence of regulation are therefore significantly more likely to be economically beneficial than the purchases that would only occur if an efficiency standard were imposed. As a result, the average economic outcome of all possible purchases of higher-efficiency products would always be significantly more favorable for consumers than the average economic outcome of the purchases that would only occur if an efficiency standard were imposed.
- DOE's model provides an assessment of the average economic outcome of all possible purchases of products of a specified efficiency, *not an assessment of the average economic outcome of the purchases an efficiency standard would force*. As a result, the model is not even arguably designed to assess the impacts efficiency standards would have, systematically overstates the benefits efficiency standards would produce, and provides no basis for DOE to determine that efficiency standards are economically justified as required by law.